



94TH GENERAL ASSEMBLY

State of Illinois

2005 and 2006

HB2583

Introduced 02/18/05, by Rep. Naomi D. Jakobsson - Kathleen A. Ryg

SYNOPSIS AS INTRODUCED:

215 ILCS 5/356z.7 new	
215 ILCS 125/5-3	from Ch. 111 1/2, par. 1411.2
215 ILCS 130/4003	from Ch. 73, par. 1504-3
215 ILCS 165/10	from Ch. 32, par. 604

Amends the Illinois Insurance Code, the Health Maintenance Organization Act, the Limited Health Service Organization Act, and the Voluntary Health Services Plans Act. Requires accident and health insurance policies to include coverage for nonprescription enteral formulas and reduced-protein foods that are necessary for the treatment or management of certain gastrointestinal conditions or inherited diseases involving amino acids. Effective immediately.

LRB094 10159 LJB 40423 b

1 AN ACT concerning insurance coverage for certain
2 conditions.

3 **Be it enacted by the People of the State of Illinois,**
4 **represented in the General Assembly:**

5 Section 5. The Illinois Insurance Code is amended by adding
6 Section 356z.7 as follows:

7 (215 ILCS 5/356z.7 new)

8 Sec. 356z.7. Treatment of certain metabolic diseases. An
9 individual or group policy of accident and health insurance
10 that is issued, delivered, amended, or renewed in this State on
11 or after January 1, 2006 shall include the following:

12 (1) Coverage for prescription enteral and oral
13 formulas for home use, for which a physician has issued a
14 written order and that are medically necessary for the
15 treatment or management of inherited diseases involving
16 amino acids or organic acids (including, but not limited
17 to, phenylketonuria).

18 (2) Coverage for up to \$2,500 per year worth of food
19 products modified to be low in protein, for which a
20 physician has issued a written order and that are medically
21 necessary for the management of phenylketonuria or other
22 inherited diseases involving amino acids or other organic
23 acids.

24 Section 10. The Health Maintenance Organization Act is
25 amended by changing Section 5-3 as follows:

26 (215 ILCS 125/5-3) (from Ch. 111 1/2, par. 1411.2)

27 Sec. 5-3. Insurance Code provisions.

28 (a) Health Maintenance Organizations shall be subject to
29 the provisions of Sections 133, 134, 137, 140, 141.1, 141.2,
30 141.3, 143, 143c, 147, 148, 149, 151, 152, 153, 154, 154.5,

1 154.6, 154.7, 154.8, 155.04, 355.2, 356m, 356v, 356w, 356x,
2 356y, 356z.2, 356z.4, 356z.5, 356z.6, 356z.7, 364.01, 367.2,
3 367.2-5, 367i, 368a, 368b, 368c, 368d, 368e, 401, 401.1, 402,
4 403, 403A, 408, 408.2, 409, 412, 444, and 444.1, paragraph (c)
5 of subsection (2) of Section 367, and Articles IIA, VIII 1/2,
6 XII, XII 1/2, XIII, XIII 1/2, XXV, and XXVI of the Illinois
7 Insurance Code.

8 (b) For purposes of the Illinois Insurance Code, except for
9 Sections 444 and 444.1 and Articles XIII and XIII 1/2, Health
10 Maintenance Organizations in the following categories are
11 deemed to be "domestic companies":

12 (1) a corporation authorized under the Dental Service
13 Plan Act or the Voluntary Health Services Plans Act;

14 (2) a corporation organized under the laws of this
15 State; or

16 (3) a corporation organized under the laws of another
17 state, 30% or more of the enrollees of which are residents
18 of this State, except a corporation subject to
19 substantially the same requirements in its state of
20 organization as is a "domestic company" under Article VIII
21 1/2 of the Illinois Insurance Code.

22 (c) In considering the merger, consolidation, or other
23 acquisition of control of a Health Maintenance Organization
24 pursuant to Article VIII 1/2 of the Illinois Insurance Code,

25 (1) the Director shall give primary consideration to
26 the continuation of benefits to enrollees and the financial
27 conditions of the acquired Health Maintenance Organization
28 after the merger, consolidation, or other acquisition of
29 control takes effect;

30 (2) (i) the criteria specified in subsection (1)(b) of
31 Section 131.8 of the Illinois Insurance Code shall not
32 apply and (ii) the Director, in making his determination
33 with respect to the merger, consolidation, or other
34 acquisition of control, need not take into account the
35 effect on competition of the merger, consolidation, or
36 other acquisition of control;

1 (3) the Director shall have the power to require the
2 following information:

3 (A) certification by an independent actuary of the
4 adequacy of the reserves of the Health Maintenance
5 Organization sought to be acquired;

6 (B) pro forma financial statements reflecting the
7 combined balance sheets of the acquiring company and
8 the Health Maintenance Organization sought to be
9 acquired as of the end of the preceding year and as of
10 a date 90 days prior to the acquisition, as well as pro
11 forma financial statements reflecting projected
12 combined operation for a period of 2 years;

13 (C) a pro forma business plan detailing an
14 acquiring party's plans with respect to the operation
15 of the Health Maintenance Organization sought to be
16 acquired for a period of not less than 3 years; and

17 (D) such other information as the Director shall
18 require.

19 (d) The provisions of Article VIII 1/2 of the Illinois
20 Insurance Code and this Section 5-3 shall apply to the sale by
21 any health maintenance organization of greater than 10% of its
22 enrollee population (including without limitation the health
23 maintenance organization's right, title, and interest in and to
24 its health care certificates).

25 (e) In considering any management contract or service
26 agreement subject to Section 141.1 of the Illinois Insurance
27 Code, the Director (i) shall, in addition to the criteria
28 specified in Section 141.2 of the Illinois Insurance Code, take
29 into account the effect of the management contract or service
30 agreement on the continuation of benefits to enrollees and the
31 financial condition of the health maintenance organization to
32 be managed or serviced, and (ii) need not take into account the
33 effect of the management contract or service agreement on
34 competition.

35 (f) Except for small employer groups as defined in the
36 Small Employer Rating, Renewability and Portability Health

1 Insurance Act and except for medicare supplement policies as
2 defined in Section 363 of the Illinois Insurance Code, a Health
3 Maintenance Organization may by contract agree with a group or
4 other enrollment unit to effect refunds or charge additional
5 premiums under the following terms and conditions:

6 (i) the amount of, and other terms and conditions with
7 respect to, the refund or additional premium are set forth
8 in the group or enrollment unit contract agreed in advance
9 of the period for which a refund is to be paid or
10 additional premium is to be charged (which period shall not
11 be less than one year); and

12 (ii) the amount of the refund or additional premium
13 shall not exceed 20% of the Health Maintenance
14 Organization's profitable or unprofitable experience with
15 respect to the group or other enrollment unit for the
16 period (and, for purposes of a refund or additional
17 premium, the profitable or unprofitable experience shall
18 be calculated taking into account a pro rata share of the
19 Health Maintenance Organization's administrative and
20 marketing expenses, but shall not include any refund to be
21 made or additional premium to be paid pursuant to this
22 subsection (f)). The Health Maintenance Organization and
23 the group or enrollment unit may agree that the profitable
24 or unprofitable experience may be calculated taking into
25 account the refund period and the immediately preceding 2
26 plan years.

27 The Health Maintenance Organization shall include a
28 statement in the evidence of coverage issued to each enrollee
29 describing the possibility of a refund or additional premium,
30 and upon request of any group or enrollment unit, provide to
31 the group or enrollment unit a description of the method used
32 to calculate (1) the Health Maintenance Organization's
33 profitable experience with respect to the group or enrollment
34 unit and the resulting refund to the group or enrollment unit
35 or (2) the Health Maintenance Organization's unprofitable
36 experience with respect to the group or enrollment unit and the

1 resulting additional premium to be paid by the group or
2 enrollment unit.

3 In no event shall the Illinois Health Maintenance
4 Organization Guaranty Association be liable to pay any
5 contractual obligation of an insolvent organization to pay any
6 refund authorized under this Section.

7 (Source: P.A. 92-764, eff. 1-1-03; 93-102, eff. 1-1-04; 93-261,
8 eff. 1-1-04; 93-477, eff. 8-8-03; 93-529, eff. 8-14-03; 93-853,
9 eff. 1-1-05; 93-1000, eff. 1-1-05; revised 10-14-04.)

10 Section 15. The Limited Health Service Organization Act is
11 amended by changing Section 4003 as follows:

12 (215 ILCS 130/4003) (from Ch. 73, par. 1504-3)

13 Sec. 4003. Illinois Insurance Code provisions. Limited
14 health service organizations shall be subject to the provisions
15 of Sections 133, 134, 137, 140, 141.1, 141.2, 141.3, 143, 143c,
16 147, 148, 149, 151, 152, 153, 154, 154.5, 154.6, 154.7, 154.8,
17 155.04, 155.37, 355.2, 356v, 356z.7, 368a, 401, 401.1, 402,
18 403, 403A, 408, 408.2, 409, 412, 444, and 444.1 and Articles
19 IIA, VIII 1/2, XII, XII 1/2, XIII, XIII 1/2, XXV, and XXVI of
20 the Illinois Insurance Code. For purposes of the Illinois
21 Insurance Code, except for Sections 444 and 444.1 and Articles
22 XIII and XIII 1/2, limited health service organizations in the
23 following categories are deemed to be domestic companies:

24 (1) a corporation under the laws of this State; or

25 (2) a corporation organized under the laws of another
26 state, 30% of more of the enrollees of which are residents
27 of this State, except a corporation subject to
28 substantially the same requirements in its state of
29 organization as is a domestic company under Article VIII
30 1/2 of the Illinois Insurance Code.

31 (Source: P.A. 91-549, eff. 8-14-99; 91-605, eff. 12-14-99;
32 91-788, eff. 6-9-00; 92-440, eff. 8-17-01.)

33 Section 20. The Voluntary Health Services Plans Act is

1 amended by changing Section 10 as follows:

2 (215 ILCS 165/10) (from Ch. 32, par. 604)

3 Sec. 10. Application of Insurance Code provisions. Health
4 services plan corporations and all persons interested therein
5 or dealing therewith shall be subject to the provisions of
6 Articles IIA and XII 1/2 and Sections 3.1, 133, 140, 143, 143c,
7 149, 155.37, 354, 355.2, 356r, 356t, 356u, 356v, 356w, 356x,
8 356y, 356z.1, 356z.2, 356z.4, 356z.5, 356z.6, 356z.7, 364.01,
9 367.2, 368a, 401, 401.1, 402, 403, 403A, 408, 408.2, and 412,
10 and paragraphs (7) and (15) of Section 367 of the Illinois
11 Insurance Code.

12 (Source: P.A. 92-130, eff. 7-20-01; 92-440, eff. 8-17-01;
13 92-651, eff. 7-11-02; 92-764, eff. 1-1-03; 93-102, eff. 1-1-04;
14 93-529, eff. 8-14-03; 93-853, eff. 1-1-05; 93-1000, eff.
15 1-1-05; revised 10-14-04.)

16 Section 99. Effective date. This Act takes effect upon
17 becoming law.